

I. Caring for Young Children

The Massachusetts government provides funding for early education and care in several contexts. In most cases, child care is provided to help low- and moderate-income parents, who would otherwise have trouble working, by having their children cared for in educational and enriching environments. In Massachusetts, as in other states, initiatives to expand child care are focused on three major issues: quality, affordability, and access. Addressing each of these issues affords working parents – men and women – the opportunity to provide economic security for their families. In practice, however, it is primarily women whose economic opportunities have been restricted by the lack of affordable child care and who are most helped when government helps to fund such care. Currently, funding for early education and care is provided through two state agencies, the Office of Child Care Services and the Department of Education. In fiscal year 2005, the Legislature created a new Department of Early Education and Care, which is responsible for developing a comprehensive early education plan for the Commonwealth's three, four, and five year old preschool children. Ultimately, this new department will serve as the agency to administer all public and private early education and care services in the Commonwealth.

Child Care Assistance for Working Parents

Welfare reform's focus of moving women into the workforce resulted in increased funding for a variety of employment supports designed to help welfare recipients and other low-income working families achieve economic security.¹ Providing subsidized child care for families in financial need became a principal strategy, with those receiving or transitioning off of welfare assigned the highest priority. Accordingly, funding for subsidized child care for these families makes up the bulk of funding for the Office of Child Care Services (OCCS).

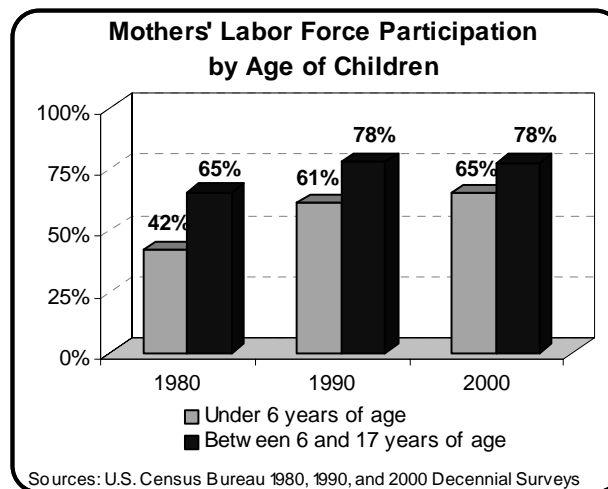
The Office of Child Care Services subsidizes early education and care costs for eligible low-income families by contracting directly with providers or by providing vouchers to eligible families.² Cost to families are based on a sliding fee scale that takes both income and family size into account, and range between zero dollars and the full amount owed to the provider, depending on the type of care. Initial income-eligibility standards for subsidized care require that a family earn no more than 50 percent of the state median income, which for a three person family is roughly \$30,000 annually; once enrolled, this cutoff changes to 85 percent of state median income, approximately \$50,000 annually. Subsidies help defray all or some of the cost of early education and care, which enables low-income parents to work or to further their education. Subsidized child care plays an important role in the lives of women, as women have been entering the workforce in increasing numbers and low-income families, in particular, are disproportionately headed by single mothers.



Impact on Women and Girls

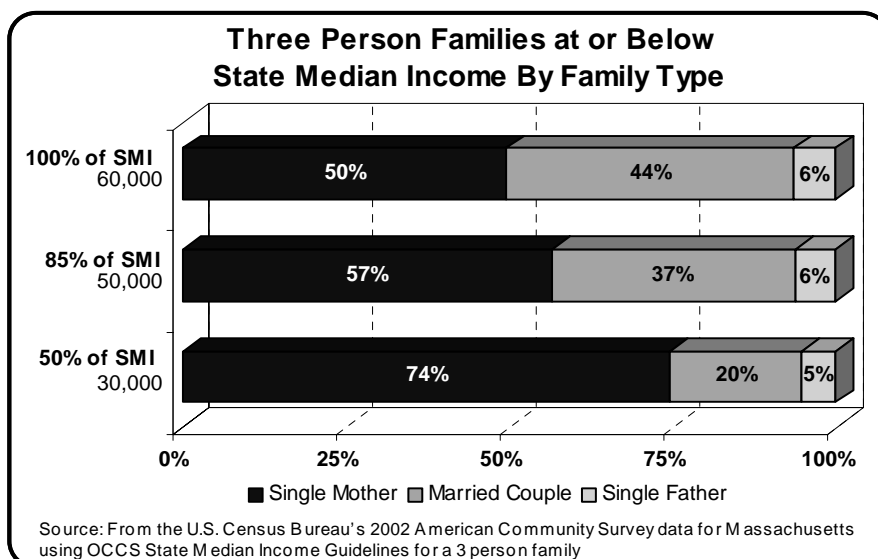
While as late as 1960 a majority of mothers stayed home to care for their children full-time, that has not been the case the past few decades. As Figure 14 indicates, by 1990 fully 78 percent of mothers (and 61 percent of mothers of young children) were in the labor force.³ Moreover, primary responsibility for raising children most often falls on mothers. According to figures from the Bureau of Labor Statistics, women spend at least twice as much time caring for children as men do, even when both parents are working.⁴

Figure 14



Single mothers are disproportionately affected by the high cost of early education and care, as they represent the highest proportion of all low-income families. For many single mothers, working to support their families would be impossible without some public subsidy of child care. For example, a single mother earning \$21,480 per year (the state's median income for single mothers in 2002) would pay more than 40 percent of her income on preschool costs for one child.⁵ Using OCCS income guidelines for subsidized care, Figure 15 shows the proportion of families at or below 100 percent, 85 percent, and 50 percent of state median income – approximately \$60,000, \$50,000, and \$30,000 annually. The graph shows that the lower the income threshold, the higher the percentage of single mothers in that income group.

Figure 15

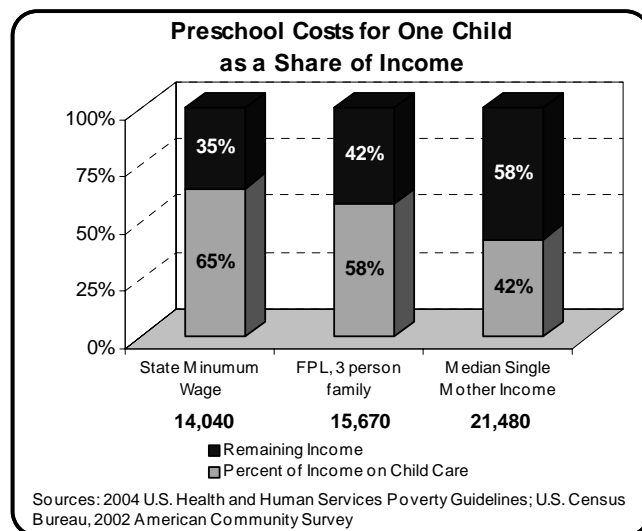


With annual costs of licensed child care averaging between \$9,100 for preschool and \$12,735 for infant care, low-income families who cannot secure subsidies face an overwhelming financial burden.⁶ Figure 16 illustrates the portion of income that would have to be spent on full-time, non-subsidized preschool care for one child based on different family earnings using the most recent data available for each family structure.

While many of the elements of the welfare reform policies of the 1990s were controversial and their effectiveness is still being debated, it does seem clear that the \$88.1 million increase in funding for subsidized care between fiscal years 1998 and 2002 reduced barriers that impeded women's ability to enter the workforce and improve the living conditions of their families.⁷

- The General Accounting Office reported in 1994 that subsidizing child care costs positively impacts mothers' decision to work.⁸ This report's findings contributed to welfare reform legislation focus on job supports like child care.
- A report by the Economic Policy Institute reveals that child care subsidies increase length of employment for mothers regardless of welfare status, providing a strong opportunity to experience real wage growth in the long-run.⁹
- A study of child care and the welfare to work transition in Massachusetts indicates that child care costs affect mothers' labor force participation.¹⁰ This study also found that the probability of maternal employment increases as the budget for child care subsidies increases.¹¹
- A report by the Center for Law and Social Policy shows that low-income mothers on public assistance who access subsidized child care are likely to secure work.¹²

Figure 16



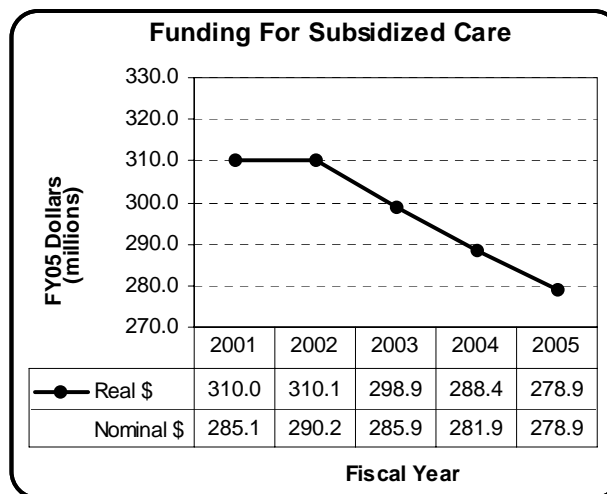
Notes: The total for the state minimum wage does not adjust for income taxes and assumes employment at 40 hours per week for 52 weeks.



Funding

Between fiscal years 2002 and 2005, funding for subsidized care fell in real terms by a total of \$31.2 million or 11 percent. Prior to fiscal year 2003, subsidies for parents participating in the Employment Services Program, teen parents, low-income parents using in-home or relative care, and other low-income families were funded through separate appropriations. The fiscal year 2003 budget consolidated these separate line-items into one account for low-income families, and reduced funding in real terms by \$11.2 million or 4 percent. In fiscal year 2004, funding for subsidized early education and care was cut by nearly \$10.5 million in real terms. In fiscal year 2005, the appropriation is reduced by an additional \$9.5 million after adjusting for inflation.

Figure 17



Impact of Funding Cuts

Budget cuts to subsidized care have limited the availability of services to low-income families and their children. Between fiscal years 2002 and 2003, when funding was cut by \$11.2 million in real terms (a four percent reduction), the number of children in subsidized slots fell from 79,887 to 72,227 (a 10 percent decline).¹³ During this same period, the waitlist for subsidized care climbed from 17,610 to 19,235.¹⁴

Cuts to subsidized early education and care compromise the benefits of affordable, quality care for parents, especially low-income mothers, and their children. Limiting the availability of subsidized care jeopardizes employment and economic gains for low-income single mothers. Furthermore, as they face the high cost of care, many mothers will likely turn to less expensive lower quality alternatives. The following describes the impact of budget cuts to another funding mechanism for early education and care – the Community Partnerships for Children Program.



Community Partnerships for Children

The Department of Education administers a variety of early childhood education programs through early learning and school readiness programs. A large portion of the funding for these services supports the Community Partnerships for Children (CPC) program. Governed by local councils, this program provides subsidies to low- and moderate-income families earning up to 125 percent of the State Median Income. Councils also fund quality enhancement initiatives, including trainings and support with accreditation. Child care programs participating in the CPC program are required to work toward national accreditation within three years.

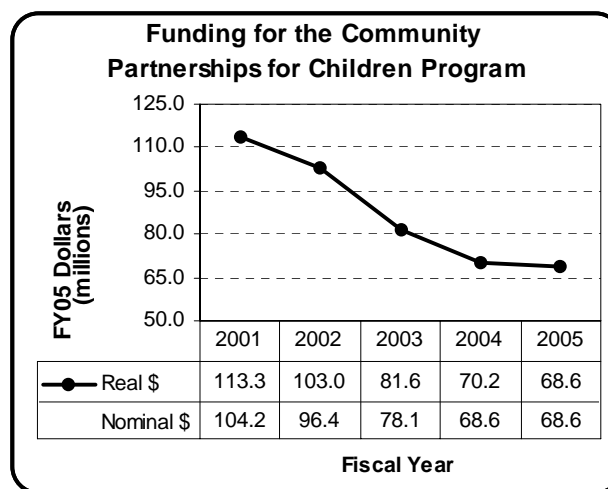
Impact on Women and Girls

Access to quality early education and care benefits women and their families. Employers report that workers with reliable, early care arrangements demonstrate reduced turnover, lower absenteeism, and increase productivity.¹⁵ Quality early childhood education increases children's cognitive, emotional, and social skills, and contributes to positive outcomes like school readiness.¹⁶ For example, a recent study indicates that the majority of the Commonwealth's publicly-administered preschool programs meets or exceeds national quality standards.¹⁷ The CPC program contributes to the Commonwealth's high standing by providing high quality care to at least 15,000 children between three and four years of age, instilling thousands of low- and moderate-income working mothers with the confidence that their children are being well prepared for school while being cared for during the work day.

Funding

Funding for the Community Partnerships for Children Program totaled \$104.2 million in fiscal year 2001. The fiscal year 2004 appropriation totaled \$68.6 million, a \$43.2 million or 38 percent cut, after adjusting for inflation. The fiscal year 2005 budget provides level funding for the CPC program, which does not restore funding and services cut over the past few years.

Figure 18



Impact of Funding Cuts

Between fiscal years 2003 and 2004, the number of children served through the CPC program fell from approximately 18,100 to about 16,600.¹⁸ In addition to reductions in the number of children served, the CPC program was also forced to cut back comprehensive services and investments in quality initiatives.

- Comprehensive services offered through CPC programs benefit more than 50,000 families throughout Massachusetts, as many activities are available to children and families not directly subsidized by a CPC program.¹⁹ Funding for these services, which include transportation, literacy development, mental health services, and supplemental services for children with Individualized Education Plans, was considerably reduced in fiscal year 2002 (more than 60 percent) and further reduced in fiscal years 2003 and 2004 (15 and 20 percent respectively).²⁰
- Funding for quality initiatives, which support training for providers, accreditation, and resource materials was also impacted by recent budget cuts. In fiscal year 2002, funding fell by 26 percent and, in fiscal year 2003, funding for these purposes fell by an additional 21 percent.²¹ Shortfalls for fiscal year 2004 are not as substantial, as projections estimate a seven percent decline.²²

Budget cuts to comprehensive services and quality initiatives put at risk recent accomplishments of the CPC program. Findings from a 2001 study of Massachusetts' preschool classrooms indicate that the quality of these classrooms are "good," but there are clear differences in the quality of centers serving low-income families and those serving moderate to high-income families.²³ According to the Office of School Readiness, these findings suggest that additional funding is necessary for programs to make improvements in areas like language and reasoning ability.²⁴

The availability of services like those offered through CPC programs directly benefit women and their children. These programs provide child care assistance to low- and moderate-income mothers, and offer enriching settings for their children. Cutting funding for the CPC program puts at risk the progress made in providing opportunities which promote the well-being of women and girls.

Child Care Resource and Referral

As local non-profit agencies under contract with the Office of Child Care Services, Child Care Resource and Referral Agencies (CCR&Rs) are designed to ensure that families have access to affordable, quality child care while helping to build the capacity and quality of the child care system. CCR&Rs provide guidance and referrals to families



seeking licensed child care, information on state-funded subsidies and related processes, training and assistance to providers, and management of waitlists for subsidized child care.

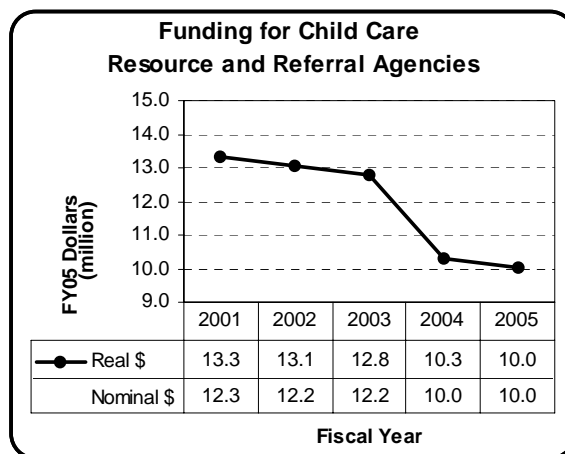
Impact on Women and Girls

Child Care Resource and Referral agencies were created to help families navigate the often complex system of finding and securing child care subsidies and locating safe, quality care. As detailed above, subsidized care has its own benefit to low-income mothers and their children. Child care providers, 94 percent of whom are women, also benefit from the training and professional development opportunities provided by CCR&Rs.²⁵ A recent report by the Children's Defense Fund indicated that funding for resource and referral programs is one of several strategies states should use to improve the quality and expand the supply of child care.²⁶

Funding

Between fiscal years 2001 and 2003, state funding for Child Care Resource and Referral Agencies remained relatively stable at around \$12.2 million. In fiscal year 2004, funding was reduced to \$10.0 million, and the fiscal year 2005 budget provides the same level of funding. If budget appropriations for this program had kept pace with inflation since fiscal year 2001, \$13.3 million would have been allocated in fiscal year 2005.

Figure 19



Impact of Funding Cuts

The 20 percent inflation-adjusted reduction in funding between fiscal year 2003 and fiscal year 2004 led to a loss of 54 full-time equivalent CCR&R staff positions statewide.²⁷ Fewer staff positions required many offices to curtail their hours of operation and to reduce the resources available to parents and providers, thereby limiting the availability of many services.²⁸ Figure 20 below notes the number of families and children who benefited from services offered by CCR&Rs. While only calendar year data are available, it is clear that low-income families were directly affected by the decline in funding between fiscal year 2003 and fiscal year 2004. The decrease in the number of beneficiaries for calendar year 2003 is a direct result of the budget cuts implemented for at least the first half of fiscal year 2004, since that fiscal year ran from July of 2003 to June of 2004.



In addition to serving fewer families overall in fiscal year 2004, CCR&Rs also offered fewer services for families with special needs children and their providers. Local agencies scaled back consultation and referrals for working families with special needs children as well as technical

assistance and access to appropriate materials for providers caring for children with special needs (Braille books, for example).²⁹ The impact of these reductions affect women as both providers and consumers of child care, as women are very often the primary caregivers of young children both inside and outside the home.

Figure 20 CCR&R Beneficiaries: 2000-2003		
Calendar Year	Families	Children
2000	21,965	28,032
2001	21,550	27,486
2002	19,877	25,543
2003	16,168	21,049

Source: Massachusetts Child Care Resource and Referral Network.

¹ Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, states are permitted to transfer portions of their TANF block grant to either the Child Care Development Fund or the Social Services Block Grant for various employment supports. This report does not distinguish between state and federal allocations, though in recent years the state portion has declined.

² This section only discusses subsidized child care provided through the Office of Child Care Services. Subsidized child care is also available through Community Partnerships for Children program, which is funded by the Massachusetts Department of Education.

³ According to U.S. Census Bureau data for Massachusetts from the 1990 Decennial Survey.

⁴ "Time-Use Survey—First Results Released by BLS," Bureau of Labor Statistics, U.S. Department of Labor, September 14, 2004, p. 3.

⁵ Single Mother State Median Income comes from the U.S. Census Bureau's 2002 American Community Survey for Massachusetts

⁶ Massachusetts Child Care Resource and Referral Network, as cited in Traill, S. Wohl, J., *The Economic Impact of the Child Care and Early Education Industry in Massachusetts*, National Economic Development and Law Center, 2004, p. 12.

⁷ Much of this increase was from federal funding sources.

⁸ *Child Care: Child Care Subsidies Increase Likelihood that Low Income Mothers Will Work*, U.S. General Accounting Office, December 1994, p. 1-5.

⁹ Boushey, H., *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth*, Economic Policy Institute, 2002, p. 1-2.

¹⁰ Lemke, R. et al., *Child Care and the Welfare to Work Transition*, Wellesley College Working Paper 2001-02, Department of Economics, Wellesley College, March 13, 2001, p. 18-19.

¹¹ Ibid.

¹² Mezey, J., *Child Care Programs Help Parents Find and Keep Jobs: Funding Shortfalls Leave Many Families Without Assistance*, Center for Law and Social Policy, February 10, 2004, p 1-3.

¹³ Data are from the Massachusetts Office of Child Care Services.

¹⁴ Ibid.

¹⁵ "Investing in Early Education is Essential," Strategies for Children, at www.strategiesforchildren.org/images/pdfs/Why%20Investing.pdf.

¹⁶ For more, refer to: (1) *The Children of the Cost, Quality, and Outcomes Studies go to School*, National Institute of Child Health and Human Development, June 1999. (2) Shonkoff, J. and Phillips, D. eds., *From Neurons to Neighborhoods: The Science of Early Childhood Education*, Board of Children, Youth, and Families, Commission on Behavioral Sciences and Education, National Research Council and Institute of Medicine, Washington, D.C., National Academy Press, 2000. (3) *Starting Points: Meeting the Needs of Our Youngest Children*, Carnegie Corporation of New York, August 1994.

¹⁷ Marshall, N. et al., *The Cost and Quality of Full Day, Year-Round Early Care and Education in Massachusetts: Preschool Classrooms*, Wellesley Centers for Women and Abt Associates, Inc., 2001.

¹⁸ Figures are from the Office of School Readiness, Massachusetts Department of Education.

¹⁹ Ibid.



²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Marshall, N. et al., *The Cost and Quality of Full Day, Year-Round Early Care and Education in Massachusetts: Preschool Classrooms*, Wellesley Centers for Women and Abt Associates, Inc., 2001, p. 45-46.

²⁴ “Community Partnerships for Children: Building a System of Early Childhood Education in Massachusetts,” Office of School Readiness, Massachusetts Department of Education, March 2004.

²⁵ Percentage of female child care providers come from the U.S. Census Bureau’s Standard Occupational Classification results for Massachusetts.

²⁶ “Good Child Care Assistance Policies Help Low-Income Working Families Afford Quality Care and Help Children Succeed,” From *Key Facts: Essential Information about Child Care, Early Education, and School Age Children*, Children’s Defense Fund, 2003, p. 148.

²⁷ “Line Item 4130-3100: Providing Child Care Voucher Subsidies, Workforce Development, Consumer Information Services to Families, Business, and Citizens Throughout the Commonwealth,” Fact Sheet, Massachusetts Child Care Resource and Referral Network, 2004.

²⁸ Ibid.

²⁹ “Impact of \$1.5 M Cut in Line Item 4130-3100,” Fact Sheet, Massachusetts Child Care Resource and Referral Network.

